

# ***Economic Legislative Monitor***

***Congressman Jim Nussle***

***Manchester, Iowa***

Winter 2004

## ***Jim Nussle's Agenda for Iowa...***

***Protect our  
Nation with  
Homeland Security***

***Strengthen the  
Family Farm***

***Fair Taxation &  
Responsible Budgets***

***Long-term  
Energy Strategies***

***Retirement Security  
for All Iowans***

***Strengthen Medicare  
& Ensure Health  
Care Access***

***Student-centered  
Education with  
Local Control***

***Keep Promises  
Made to Our  
Nation's Veterans***

**Grow Our  
Economy to  
Create Jobs**

## **Nussle Agenda to Grow Our Economy to Create Jobs**

*"A vibrant economy leads to the economic security and prosperity that Americans work hard to provide for themselves and for their families. It's important that we are focused on encouraging economic growth to provide more good jobs for Iowans. We should craft taxation policies to encourage long-term economic growth. As a Member of the Trade Subcommittee, I believe our trade policies must reward hard work in an increasingly competitive global market place. Iowa's farmers, workers and small business owners depend on the access to overseas markets that fair trade policies permit."*

**Jim Nussle**

**Jim is working to achieve a positive legislative agenda for Iowa's economy. Jim has worked on Iowa's economic priorities since coming to Congress and will continue to work on these priorities in the 108<sup>th</sup> Congress.**

**After countless meetings with Iowans, as well as through letters, e-mails and phone calls, he has created the following goals.**

### **Goals to Grow Our Economy to Create Jobs:**

1. Focus on Providing New, Good Jobs for Iowans
2. Encourage Economic Growth and Stability
3. Use Tax Incentives to Stimulate Individual and Business Investment
4. Negotiate Fair Trade Agreements
5. Move More Value-Added Iowa Ag and Manufactured Products
6. Expand Trade to New World Regions

**In order to achieve the goals to help promote fair trade for better jobs and wages, Jim has sponsored and co-sponsored many pieces of legislation, and as the House Budget Committee Chairman, he has written many items into his budget. You will find a listing of these items on the following pages.**

**Nussle's Economic Agenda Legislation:****Jobs and Growth Reconciliation Tax Act (H.R. 2)**

Provides important tax relief to Iowa's individuals and businesses to create jobs and generate economic growth. Specific provisions include:

- Business and investment incentives including increases in the amount small businesses can expense and a bonus depreciation increase.
- Acceleration of several tax relief initiatives first approved in 2001 for individuals, including an increase of the child credit to \$1000, expansion of the 10 percent bracket, marriage penalty relief and individual rate cuts.
- A reduction of the tax rate on dividends and capital gains to 5 percent for taxpayers in the lowest tax brackets and to 15 percent for all other taxpayers.
- \$20 billion in aid to states for Medicaid and other programs.
- *The conference report for H.R. 2 was approved by the House of Representatives and the Senate on May 23, 2003. The President signed H.R. 2 into law on May 28, 2003.*

**Job Creation and Worker Assistance Act**

- Provides incentives for corporations to create jobs and spur innovation.
- Provides an immediate boost to our economy with recognition of the long-term repercussions on the federal budget.

***Temporary Assistance to Needy Families (TANF)***

Reauthorizes grants under the TANF program for an additional year and provides a contingency fund for grant funding.

***Education Tax Credit***

Provides an annual tax credit of up to \$250 for classroom supplies for eligible teachers.

***Depreciation***

Provides 30 percent expensing of investment in most forms of depreciable property over a three year period.

***Alternative Fuels Tax Credits***

Extends the current tax credits for electricity production from biomass and wind energy.

- *Approved by Congress on March 8, 2002. Signed into law by the President on March 9, 2002.*

**Economic Growth and Tax Relief Reconciliation Act**

- *Approved by Congress on May 26, 2001. Signed into law by the President on June 7, 2001.*

**Marginal Rate Reductions**

- Creates new rate structure: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
- Gives lump-sum refund of \$300 for single taxpayers, \$500 for single parents, and \$600 for married taxpayers.
- New 10 percent rate effective January 1, 2001, on first \$6,000 (singles) and \$12,000 (couples).
- Repeals personal exemption (PEP) and itemized deductions phase-outs beginning in 2006.

**Death Tax Repeal**

- Repeals the death tax in 2010 and phases in increase in the unified credit to \$4 million in 2009.

**Marriage Penalty Repeal**

- 15 percent bracket widened to twice that of singles.
- Eliminates marriage penalty in the standard deduction for non-itemizers.

**Child Tax Credit Expansion**

- Doubles the child credit from \$500 to \$1,000 (\$600 in 2001-'07, \$700 in '08, \$800 in '09, \$1,000 in '10).

**Retirement Savings**

- Increases IRA contributions from \$2,000 to \$5,000.
- Increases 401(k) and other tax-deferred contribution limits from \$10,500 to \$15,000.
- Allows IRA catch-up contributions.
- Modifies Section 415 aggregation rules for multi-employer plans.

**Education Incentives**

- Increases education savings accounts (ESAs) from \$500 to \$2,000 and expands to K-12 public and private education.
- Allows above-the-line deduction for higher education expenses.
- Allows private institutions to offer pre-paid tuition plans.
- Makes permanent employer-provided educational assistance exclusion.

**Alternative Minimum Tax**

- Adjusts the alternative minimum tax (AMT) to prevent taxpayers from losing benefits of tax reductions in the bill.

**Fair Trade for Economic Development**

**Africa and European Trade Negotiations**

- Rep. Nussle was chosen to participate in African trade talks. Nussle traveled to Namibia, Madagascar, Mauritius, and South Africa to discuss trade agreements.
- Rep Nussle was also chosen to participate in trade talks in Spain, the United Kingdom, and the Netherlands to discuss the future of trading Iowa's products in Europe.
- By promoting trade abroad, Nussle hopes to alleviate the poverty in Africa and promote Iowa's agriculture and manufactured goods around the world.
- *As a member of the Trade Subcommittee in the House of Representatives, Rep. Nussle has direct oversight on the United States Trade Representative's work to negotiate future trade agreements.*

**United States—Chile Free Trade Agreement Implementation Act (H.R. 2738)**

- Opens South American markets to American farmers, businesses, consumers, and workers.
- *Approved by the House of Representatives on July 24, 2003.*

**United States-Singapore Free Trade Agreement Implementation Act (H.R. 2739)**

- Further opens Asian markets to American farmers, businesses, consumers, and workers.
- *Approved by the House of Representatives on July 24, 2003.*

**Trade Act of 2002**

- Authorizes Presidential negotiation authority which facilitates international trade allowing the President to make agreements that can be approved by Congress without amendments.
- *Approved by Congress on August 1, 2002. Signed in to law by the President on August 2, 2002.*

**More Jobs through Infrastructure Development**

**Clean Water Infrastructure Financing Act (H.R. 20)**

- Reauthorizes a rotating loan fund for states and localities to upgrade their sewer and water treatment facilities.
- Creates opportunities for jobs at the state and local level.
- *Co-sponsored by Rep. Nussle.*

**Energy Security Act (H.R. 6)**

- Bolsters our national security by reducing our dependence on foreign oil.
- Encourages domestic energy production.
- Extends and expands the tax incentives for closed and open loop biomass and wind energy.
- Repeals the 4.3 cent per gallon excise tax on diesel fuel for barges and railroads.
- Provides tax incentives for energy efficient homes.
- **Sets a Renewable Fuels Standard (RFS) to increase the demand for ethanol and biodiesel by 5 billion gallons by 2015, simplifies and extends ethanol tax incentive, and creates tax incentive for biodiesel.**
- *Final conference report was approved by the House on November 18, 2003, expected to be reconsidered by the Senate in 2004.*